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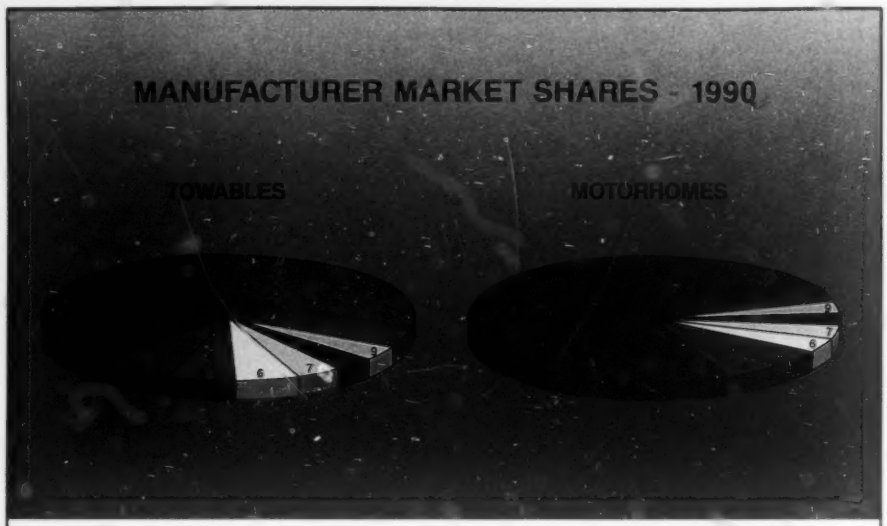

TOWABLES

Company	Share
1. Fleetwood Enterprises Inc.	19.5%
2. Coleman (Fleetwood)	8.9%
3. Jayco Inc.	7.8%
4. Skyline Corp.	6.9%
5. Coachmen Industries Inc.	5.6%
6. Starcraft Corp.	5.5%
7. Kit Mfg. Co.	3.7%
8. Mallard Coach Co. Inc.	3.6%
9. Dutchmen Mfg. Inc.	3.4%
10. Cobra-Van American Inc.	3.3%
11. Other	31.8%

MOTORHOMES

Company	Share
1. Fleetwood Enterprises Inc.	30.9%
2. Winnebago Industries Inc.	16.8%
3. Coachmen Industries Inc.	7.6%
4. Mallard Coach Co. Inc.	5.2%
5. Gulf Stream Coach Inc.	4.2%
6. Holiday Rambler Corp.	3.8%
7. Tiffin Motor Homes Inc.	3.2%
8. Georgie Boy Mfg. Inc.	2.9%
9. National RV Inc.	2.9%
10. Rexhall Industries Inc.	2.0%
11. Other	20.5%

RV Leaders Hold Top Spots in Tough '90 Market

RV manufacturers that commanded the largest retail market shares in 1989 ceded little ground to their competitors in 1990, a year that will be remembered as one of the toughest on record because of the war and the soft economy.

How tough was 1990? Total motorhome retail sales were down 19.5% for calendar 1990, while retail sales of towable RVs, with the exception of park models, were down 3.7%, according to Tom Walworth, general manager of Statistical Surveys Inc. (SSI), a Grand Rapids, Mich.-based RV industry reporting service.

"The market basically collapsed after August," summed up Walworth, adding that even an "average" fall and winter this year should reflect sizable gains over 1990. "You've got four months (September-December) that should easily outperform 1990 because things were so tight last year," noted Walworth.

Riverside, Calif.-based Fleet-

continued on page 13

Industry Hopes for Peace Bonus

Coachmen Industries Inc. Chairman Tom Gorson believes the speedy resolution of the Persian Gulf War may have been just the shot in the arm that the RV industry needed to insure that 1991 sales outperform a sluggish 1990. And he's not alone.

A number of RV-manufacturing executives also viewed the war's end as a potential boost to the American consumer's flagging confidence. Yet most of them remained wary of the recession's continuing drag on consumer incomes and corporate profits and did not predict an immediate turnaround.

"I think that the American public has every reason to have an enhanced pride in themselves and their country," summed up Gorson, whose firm is based in Elkhart, Ind. "And I think that's going to do a lot toward improving consumer

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Our guide to the National Vehicle Conversion Association's annual Supplier Showcase '91 in South Bend, Ind., April 10-11, includes a list of exhibitors and a calendar of events.

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RV LEADERS *from cover*

wood Enterprises Inc. once more led SSI's rankings of both the top-10 motorhome and top-10 travel-trailer makers for 1990. In motorized, Fleetwood (with 30.9% of the U.S. retail market) also was again followed by Winnebago Industries Inc., Forest City, Iowa (with a 16.8% market share); Coachmen Industries Inc., Elkhart, Ind. (7.6%); Mallard Coach Co. Inc., Nappanee, Ind. (5.2%); Gulf Stream Coach Inc., also of Nappanee (4.2%); and Holiday Rambler Corp., Wakarusa, Ind. (3.8%).

There were some changes in the rankings from 1989, however. Tiffin Motor Homes Inc., Red Bay, Ala. (with a 3.2% retail-market share), leapfrogged over Georgie Boy Manufacturing Inc., Edwardsburg, Mich., into seventh place, while Georgie Boy, with a 2.9% market share, slipped to eighth. In the ninth-place spot, National RV Inc., Perris, Calif., also had a 2.9% share but was 24 units behind Georgie Boy. Rexhall Industries Inc., Saugus, Calif. (with 2.0% of the retail market) made its first top-10 appearance in the final position, replacing now-defunct Vyquest Inc.

In 1990, six towable manufacturers also held onto their top-10 positions from 1989: Fleetwood (19.5%); Coleman by Fleetwood (8.9%); Jayco Inc., Middlebury, Ind. (7.8%); Skyline Corp., Elkhart, Ind. (6.9%); Coachmen (5.6%) and Starcraft Corp., Goshen, Ind. (5.5%).

However, Kit Manufacturing Co., Long Beach, Calif., (with a 3.7% market share) stepped around Mallard to gain seventh place. Mallard, at 3.6% of retail sales, was eighth. Meanwhile, two Goshen, Ind., companies specializing in low-cost products – Dutchmen Manufacturing Inc. (3.4%) and Cobra-Van American Inc. (3.3%) – finished ninth and 10th, respectively, bumping out Vanguard Industries of Michigan Inc., Colon, Mich., and Holiday Rambler. Δ – *Sherman Goldenberg*

PARK-TRAILER *from page 7*

and positive move away from past experience, manufacturers who attended the Elkhart meeting also expressed a nearly unanimous belief that aftermarket add-ons and lofted trailers should not carry RVIA seals of approval if they are going to reflect negatively on park-model manufacturers as a group. "The feeling was that if it wasn't good for us as a group, then we should eliminate it as an issue," Foltz stated.

At RVIA, Bruce Hopkins, vice president of standards, said that the park-model committee's request for a permanent seat on the board will be taken up at the next RVIA board meeting. And, in response to questions from park-trailer manufacturers about how their ranks were being viewed by representatives from other segments of the industry, Hopkins added, "The membership at large is beginning to respond positively to some of the changes already made and is very pleased at the direction that the park-trailer manufacturers are taking. There is a feeling that many of the old negatives are being addressed and that the group is moving in the right direction."

Among the new directions for the park-model group are plans for an educational videotape that would address the questions of what is a park-model trailer, how it is used and who uses it, said Foltz. He noted that the primary audience for the tape would be state and local tourism and regulatory agencies, as well as groups like the National Campground Owners Association (NCOA) and various state campground owner groups.

"Having an educational videotape available for use by our members can be a tremendous tool in helping to address some of the misconceptions about the product. Also, it can be a great help in suppporting trailer owners and campground owners, – who are increasingly finding themselves the target of regulatory or legislative action from state and local governments. We want to show those local entities that this is a viable and marketable product that is in demand by consumers and is something that can be an asset to their region, especially as more and more emphasis is given to destination camping," Foltz explained.

Dave Gorin, executive vice president of NCOA, backed the park-model initiative, noting that his membership sees the park-model educational issue as "extraordinarily important" for both campground owners and park-trailer builders. "We think that too many of the codes and other impediments to park trailers are being driven by local issues and are not a realistic reflection of how these units are used," Gorin observed. "To correct that, we are in the process of trying to come up with a model code for campgrounds and RV parks."

Foltz added that the group has another video planned after the completion of the first project. That video also will address the issue of what is a park model, but it will be aimed at the wholesale and retail financing market. Δ – *Robert Longsdorf Jr.*

PRODUCTS

Dutchmen Adds Upgraded Royal Towables

Three-year-old Dutchmen Manufacturing Inc., Goshen, Ind., has introduced a new line of upgraded, radius-style Dutchmen Royal travel trailers and fifth-wheels to supplement its mainstay Classic lineup. Dutchmen President Dave Hoefer said the Royal, which will sell for "$3,000 to $5,000 under the competition and about $1,000 more than the Classic," features upscaled interiors, as well as exteriors with radius corners and fiberglass front and rear caps. Otherwise, said Hoefer, the new line is available in the same highly packaged format (with few optional features), the same lengths (22 feet to 35 feet) and the same basic construction style (wood-frame with mesa-aluminum skin) as the Classic line. "This new line was requested by Dutchmen dealers, who were asking us for a reasonably priced, upper-end unit that would maintain the same exclusivity that they've had with the existing Dutchmen line," explained Hoefer, whose firm finished calendar 1990 as the nation's No. 3 travel-trailer maker. "It is only for Dutchmen dealers. It will not be sold outside of that dealer base." Δ – *Sherman Goldenberg*

Moral Hazard?

RVIA says that more states are expected to apply lemon laws to motorhomes. "Consumers are more 'connected' to their legislators than ever before, and they want to know which manufacturer (chassis or house half) is responsible for making them whole under the lemon law," says an RVIA bulletin. "RVIA is working with chassis manufacturers to develop voluntary arbitration agreements to attempt to resolve claims between RVIA members and their chassis manufacturers," says the communique. But the situation reminds me of the definition of "moral hazard," an insurance term describing a situation "when the method of insurance alters the behavior of the insured . . . " For example: if the contents of a car are insured, people are more lackadaisical toward protecting it.

Circles

Alexander Kostellow, the founder of the Pratt Institute's Industrial Design curriculum (some Pratt graduates design RVs), said, "I feel that function is an expression of a time, and that aesthetic reactions influence man-made form, and we in turn are influenced by them."

No More Turkey Bait

A pair of enterprising con men have been trying to scam Alabama dealers out of a motorhome. In one case they negotiated for a retailer's entire inventory. Thus, when the police finally caught the duo, James Dickson of Dickson Campers, in Mobile, exclaimed, "Hot Dang! The turkeys are in the coop!" – *RVDA News*, February 1991.

Plenty of Money

Retail lenders haven't been discouraged by the hiatus in RV sales. In fact, they are standing by with full bags of gold waiting for the right deals. Finance execs, though, say that buyer quality isn't as good as they would like to see it. Translated, that means that lenders are applying tough criteria to new applications and aren't accepting marginal deals just to build their portfolios. That seems to jibe with retailer experience: Several concur that "the payment buyer" is back in the market scouting for deals. Used and very-low-price new pieces are thus leading the sales charts. It's often tough to get credit approved. Overall, though, RV dealers are still in a much better position than their brethren in the marine business. There, lenders are noticeably a rarer species and much, much more cautious about taking deals.

Why We Had a Recession

The following analysis appeared in the March 1991 *Chicago Fed Letter*, published by the Federal Reserve Bank of Chicago: "Based on economic fundamentals, the current recession shouldn't be happening. The economy was headed for, in fact had probably achieved, the often-discussed but never experienced soft landing envisioned by policymakers and analysts alike. Unfortunately, having landed safely at the airport, the economy was struck by a runaway oil truck while taxiing to the gate. The damage came not so much from the accident – it wasn't that large a truck – but from worries about whether there were any more runaway trucks lurking just out of sight."

Warning to Show Operators

Here's a true story: For several years, a group of dealers have held a local show that has generated substantial retail sales for them. To keep things fair, one of the show rules is that there can't be a duplication of brands. (In other words, Brand "X" can only be shown by one dealer.) Thus, when a dealer for a brand that is already represented applies for space, he is turned down. The rejected dealer reasons that the show is an important source of potential business for him and that his competitors are barring his access to that resource. He sues under the Sherman Act. After a long process in which attorneys log a lot of hours, it's clear to the show operators that they had better settle. They eliminate the brand-exclusivity rule, pay the plaintiff's attorney fees (Ouch!) and then treat the ousted dealer to three years of free rent in their show.

What the Numbers Say

A just-completed RVDA survey of members* reveals the following information about dealers:

Annual Sales (in millions of dollars)	% of Respondents
0.0-1.5	9
1.5-3.0	33
3.0-5.0	29
5.0-10.0	22
10.0 or more	7

Years in Business	% of Respondents
1-5	10.3
6-10	14.0
11-15	16.0
16 or more	60.0

[illegible] RV Sold	% of Respondents
Class A	70.0
Class B	6.6
Class C	64.3
Fifth-wheel	82.0
Travel Trailer	82.0
Folding Camper	41.4
Pickup Cap	34.8

*There were 300 respondents to this survey.

The New Sales Tool

By 1992, 70% of television-owning households will also own a videotape recorder. Δ

–John Thompson

ECONOMIC RECOVERY INDICATED

MORTON J. MARCUS

As these words go into print, the economy of the United States may be emerging from the recession. There is a growing belief among economists that the bottom of this recession may well have occurred.

When Iraq marched into Kuwait, RV shipments dropped by 25%. The rise in petroleum prices squeezed consumers, and postponable purchases were put aside. The uncertainty of the last quarter in 1990 was due to the possibility of war. That uncertainty has been removed. Petroleum prices are back down to where they were before the Iraqi aggression. Interest rates have declined. The scene is set for a resumption of slow economic growth.

RV Improvements

Our current forecast indicates that the bottom for RV shipments was reached in the last quarter of 1990. Our model of the U.S. economy and the RV industry is showing a steady recovery starting in the first quarter of 1991. *(See Figure 1.)*

With this forecast, we look into the first half of 1992 and see an industry that exceeds its 1989 performance levels. By the first quarter of next year, the model indicates that total RV shipments could again top the 100,000-unit level.

What Figure 1 does not show clearly is that the recovery slowly tapers off. The growth for the first quarter of 1991 is nearly 10,000 units, or 14%. By the second quarter of 1992, the growth rate is far less vigorous at just 3,400 units, or 3.3%. Hence, although recovering and growing, the growth rate of the industry will hit the brakes rather soon. No boom is in sight.

After declining by nearly 12% in the year just ended, total shipments should grow by nearly 2%. With a total shipment level of 357,300 units forecast for 1991, the industry will edge out 1990 by 6,800 units, but this does not return the industry to the 398,000-unit level of 1989.

Detailed Forecasts

In Figure 2, annual rates of growth are shown for different groups of RV products. In most cases, shipments in 1991 are expected to rise above 1990 levels. On a year-to-year basis, folding camping trailers would be the leader for 1991 with nearly an 8% growth.

These annual data hide a basic fact. Whether year-end 1991 is better or worse than 1990, the trend within the year is rising for every group of RVs. Each segment of the market was hit strongly by the decline of the fourth quarter in 1990; hence, the growth of 1991 starts at a low point. Although each RV group advances during 1991, the progress made may not offset the sharp drop of the fourth quarter of 1990. Thus, shipments for 1991 may still come out a shade below those of 1990.

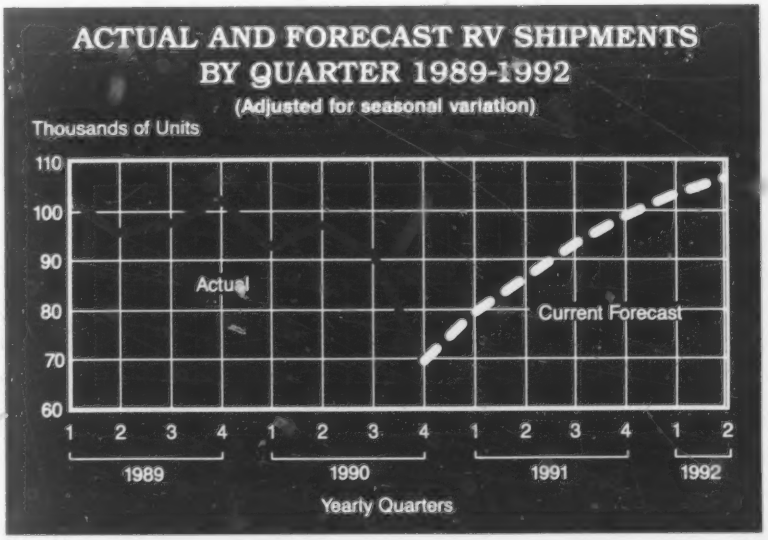

Figure 1

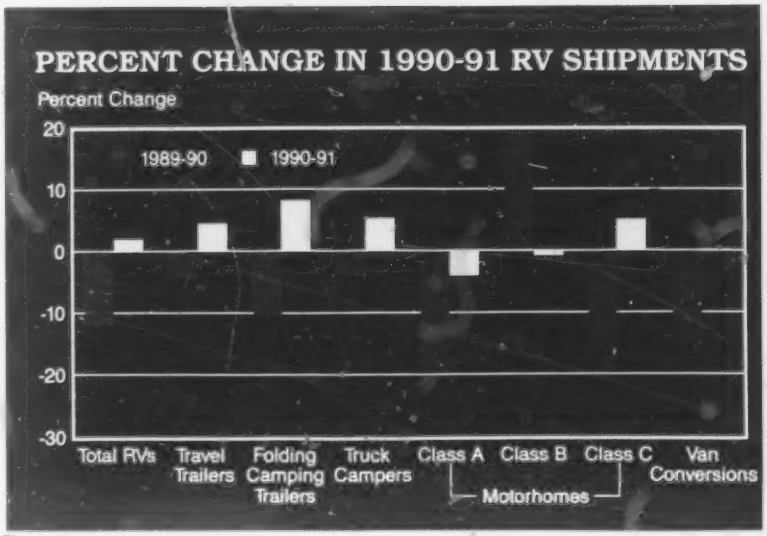

Figure 2

GRAPHICS: DIGITAL LIFE

Class A motorhomes are a good example of these trends. The 1990 fourth-quarter drop was nearly 32%. Although steady progress is projected for 1991, the annual shipment level for the year ahead is expected to fall 4% short of the level for the entire year of 1990. To a lesser extent, this is also true for Class B motorhomes, although they did not decline for 1990.

Meanwhile, the drop for van conversions in the second half of 1990 was of such magnitude that the steady growth foreseen for 1991 still manages to do no more than restore the annual level of 1990.

The Economic Background

In 1990, exports and government spending moved the American economy forward. *(See Figure 3.)* Consumer spending grew by an anemic 1%, and business investment was only 0.5% better. A 6.2% increase in exports led the way. As the value of the dollar declined, our goods and services became more attractive in world markets and import growth slowed.

In 1991, the rest of the world will be the force pulling the United States out of its recession. This is made clear by the forecast in Figure 3. The strongest sector of growth is again exports, which are anticipated to rise by 5.3%. Consumers are not expected to show any particular leadership in spending.

After the modest rise in federal government expenditures in 1990, the budget problems of the government will decrease the capability of that sector to stimulate the economy. State and local governments, hit by the recession, will add less stimulus than in 1990. Business investment spending, adversely affected by poor profits, is expected to decline in 1991.

The annual numbers of Figure 3 suggest that, despite the dynamic processes (turmoil, if you wish) within each year, 1990 and 1991 will be viewed by history as very similar years. The big difference is that we start 1991 from a much lower point. The story of this year is the climb to regain last year's level.

To regain in 1991 what was lost during the last half of 1990, we rely on three positive forces, as shown in Figure 4. Interest rates are down. The value of the dollar is down. The rate of inflation is down. All of these elements contribute to recovery.

We are fortunate in that the unemployment rate of this recession is moderate. Hence, there will not be a decline in real disposable income, although we are in for a second straight year of little growth. It is the slow growth of real disposable personal income which retards the advances of the RV industry.

Working in favor of the industry is a sharp drop in the difference between the rise of motor-fuel prices and the general level of consumer prices. This relative price differential is important for motorized units. When motor-fuel prices are rising much faster than consumer prices in general, RV sales suffer. Narrowing that differential is beneficial to the industry.

The outlook for interest rates is somewhat positive. Lower rates will prevail in 1991 than in 1990, but there should be no expectation that rates will fall lower as the year progesses. In fact, rates should rise.

ANNUAL GROWTH RATES AFTER ADJUSTMENT FOR INFLATION

	1989	1990	1991
Gross National Product	2.5	0.9	1.0
Consumer Spending	1.9	1.0	1.0
Business Investment	3.9	1.5	-0.1
Residential Investment	-4.0	-5.1	-6.9
Exports	11.0	6.2	5.3
Imports	6.0	3.1	3.1
Govt. Purchases			
Federal	2.1	2.7	1.4
State & Local	2.4	3.0	1.8

Figure 3

KEY FACTORS IN THE FORECAST

	1989	1990	1991
Prime Interest Rate (%)	10.9	10.0	8.5
Value of the Dollar (1973 = 100)	98.5	89.0	81.4
Unemployment Rate (%)	5.3	5.5	6.4
% Change at Annual Rates:			
Money Supply (M2)*	3.7	5.0	3.8
Real Disposable Personal Income	2.4	0.8	0.5
Consumer Price Index	4.8	5.4	4.3
Food & Beverages	5.7	5.7	3.0
Motor-Fuel Prices	9.4	14.3	7.5

*M2 consists of the nation's basic money supply of currency, plus demand deposits, plus savings accounts at commercial banks.

Figure 4

ANNUAL TRENDS

	1989	1990	1991
Unit Auto Sales (millions)	9.9	9.5	9.2
Unit Housing Starts (millions)	1.4	1.2	1.2
Personal Savings Rate (%)	4.6	4.6	4.2
% Change in Compensation per Manhours	3.3	3.1	4.0
Productivity	0.2	-0.7	1.6
Unit Labor Costs (Compensation – Productivity = Unit Labor Costs)	3.0	3.9	2.4

Figure 5

We expect the Federal Reserve Board to be very cautious about increasing the money supply and allowing interest rates to fall much further than they have to this point in time. There are two reasons for this. First, there is still a strong concern about inflation, despite the generally good outlook. Second, lower interest rates will hasten the decline in the value of the dollar, which could give rise to inflationary forces through imports. Americans are slow to reduce imports, and if the dollar falls too rapidly, we will be importing goods that cost more so that our domestic prices will tend to rise. To avoid such inflationary pressures, the Fed will likely try to keep the dollar's decline moderate.

Although there is improvement ahead during the course of 1991, the annual sales level of autos and the vitality of the housing industry will remain below 1990's annual levels. *(See Figure 5.)* The continued slippage in these central industries keeps the American economy from advancing rapidly.

The good news is that there will be little inflationary pressure from labor costs. Although compensation per manhour is expected to rise by nearly 4% in 1991, there will be productivity growth of more than 1.5%. This keeps the growth in unit labor costs to less than 2.5%. That is the lowest cost-push factor in some time, and it will give business breathing room.

Summary

1991 will be a year of return but not necessarily of progress. Although we will see each successive quarter advance, we will be merely returning to where we were.

The war in the Persian Gulf provided no significant stimulus to the economy—but neither did it derail our progress. With the war behind us, the problems of the late 1980s remain: Our budget deficit remains high. Our productivity growth needs to be accelerated. Our international competitiveness needs to be strengthened.

The technological superiority of American weapons must be extended to all the products we make. We cannot achieve economic success by specializing in the instruments of war. We need to lead the world in the goods of peace. Δ

This forecast is a product of the Center for Econometric Model Research at Indiana University, R. Jeffery Green, director. The RV industry forecast was generated by Vinay Kansal; the written interpretation of these data, however, is the sole responsibility of the author. TL Enterprises Inc. is one of several private firms supporting the center and its quarterly forecasting activities.